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# West Europe Report

(FOUG 35/82)



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THEATER FORCES

FEDERAL REPUBLIC OF GERMANY

'STERN' HITS NATO, WARSAW PACT COMPARISONS OF FORCE

Hamburg STERN in German 19 May 82 pp264-265

[Article by Wolf Perdelwitz: "Belgian Lace with Holes in It"]

[Text] Employing comparative statistics on military strength, both NATO and the Warsaw Pact are doing their best to prove that the other side is the stronger of the two.

The weekly DIE ZEIT, which until now had been almost unconditionally committed to the transatlantic military alliance, has had some thoughtful things to say about the administration of President Reagan. "Never before has there been so much talk of war and so little talk of peace as by this administration. Is this not something that should make the Germans fearful?" asked co-publisher Marion Countess Doenhoff in an editorial.

By a lucky coincidence, NATO officially pointed out to us all whom we should be afraid of on the very same day that the Countess voiced her fear of Reagan.

Since "the public" has a right "to know," as NATO Secretary General Joseph Luns put it, "what efforts are being made to guarantee future security and what the challenges are with which the alliance is faced," NATO was putting out a comparison of military strength between East and West. As for the result of this comparison which Luns called "substantive, objective and impartial:" The Warsaw Pact is ahead of NATO in almost all spheres. "In the end," it is only "the strategic nuclear power of the United States which safeguards the security of NATO."

This study paints a frightening picture. If it corresponded to reality, the defense ministers of all NATO countries ought to be fired immediately for not having prevented this inferiority.

According to the study, the Warsaw Pact can put 4 million soldiers in the field as against 2.6 million by NATO. They are supported by 42,500 combat tanks and 78,800 armored vehicles as against 13,000 tanks and 30,000 armored vehicles on the part of NATO. The relationship in combat aircraft is 7,240 for the Warsaw Pact and 2,975 for NATO, and for ships, 1,755 for the Warsaw Pact and 1,212 for NATO. In addition, the study says, NATO is at a disadvantage geographically, since "the major part of manpower and materiel reinforcements for NATO must be transported across the Atlantic and the English Channel."

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But just as soon as this document was made public objections were raised to the effect that the study consciously exaggerated NATO weaknesses and Warsaw Pact strengths—a time-tested way of getting parliaments to approve new arms expenditures.

But to say that the Brussels study simply falsifies the facts is unjustified. The figures cited in the study are correct without a doubt—the only thing is they have nothing to do with reality. Is this a contradiction?

As so often, the solution lies in the small print at the end of the document. This, for instance, is how the two navies are compared: "The comparison does not include the forces stationed in the Pacific as far as the Warsaw Pact is concerned while excluding those for NATO which are not under the NATO command and/or not earmarked for it"—which would apply to the U.S. Pacific Fleet. Now that sounds fair and reasonable at first glance—certain spheres on both sides are equally excluded.

But this exclusion is anything but balanced, since the USSR's "Red Fleet" in the Pacific merely includes a small combat squadron in the port of Vladivostok while about two-thirds of the U.S. Navy is stationed in Pacific waters.

The statistics for NATO thus include only seven aircraft carriers; but in fact, the U.S. Navy alone has a total of 14, according to the reliable "Weyer Fleet Calendar 1982/83." Instead of the two helicopter carriers listed in the NATO study, Weyer's lists 15. To call this manipulating the facts, would of course be wrong because the exclusion of the combat ships in the Pacific can be justified by pointing to NATO's jurisdictional limitations to Europe, North America and parts of the Atlantic. On the other hand, it is difficult to imagine that the Pacific would remain a sea of peace, if war broke out between NATO and the Warsaw Pact.

There are similar limitations—which are correct in a formal sense but devoid of reality—with respect to air and ground forces. There is no doubt about the fact that NATO really has only 2,975 combat aircraft at its disposal in Europe. But in an emergency, the first of the 1,900 fighter-bombers would have arrived in Europe from the United States in a matter of hours in order to strengthen NATO air forces in Europe. In addition, more than 1,000 aircraft stand ready on U.S. Navy carriers positioned all around the Soviet Union—which are not under the NATO command in peacetime. The figure of 13,000 combat tanks is so low because none of the major NATO countries has placed all of its armed forces under the alliance command. The comparison therefore cites only those tanks which are actually under the NATO command. There is hardly any reason to assume that the remainder would stay in their barracks, if war broke out in Central Europe.

The Soviet Defense Ministry has also just made comparative statistics public which are no more surprising than the Brussels study: the Warsaw Pact comes to the conclusion that NATO is ahead in almost all respects—in ground forces in Europe by almost one-quarter; in naval strength by a one-sixth with NATO

ships listed as bigger, more modern and more powerful; only in the air is the Warsaw Pact said to be superior but this is more than offset by the substantially higher combat capabilities of NATO aircraft. The Warsaw Pact numerical advantage in tanks, viewed by the West as a threat, shrinks down to an insignificant 4 percent in the Moscow statistics—which merely goes to show that numbers can be used to prove just about anything.

The dangerous thing about such numbers games is that security comes to be viewed only in terms of ever larger arms arsenals while the fact really is that security is based on policies aimed toward achieving balance.

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TERRORISM

SPAIN

RECENT EFFORTS TO REORGANIZE ETA-M DESCRIBED

Madrid CAMBIO 16 in Spanish 19 Apr 82 pp 29-30

[Text] The armed Basque independence organization ETA-military [ETA-m] is preparing to step up the terrorism which began at the beginning of the year and which will probably recur in the weeks ahead, as learned by CAMBIO 16 from reliable sources.

Taking advantage of the recent Holy Week vacation, the terrorist organization has proceeded to restructure its military apparatus and its logistic and informative infrastructure, seriously damaged by the losses caused through political action during recent months.

The restructuring of the action commandos began the middle of last March, a time when State Security Forces had uncovered a campaign to recruit future terrorists from among Basque youths in San Sebastian and Bilbao.

About this time the ETA-m executive committee sent about 50 letters inviting that many more youths to join their ranks. They were to use their Holy Week vacations to travel to Bayonne or Saint Jean de Luz in the south of France, where they would be assembled by members of the organization and taken to safe places for the short course in terrorism.

This course, according to the information of CAMBIO 16, was given in a small village situated some 20 minutes from Bayonne, with access only by means of a dirt road full of holes. The new ETA recruits were taken to this place hooded, and at no time did they know where they were.

Neither could they recognize their "teachers," who likewise had their faces covered, except for the persons in charge of contacting them and conducting them to these places.

After receiving the theoretical classes, the future members of the ETA-m armed commandos were taken almost at dawn to the beaches of Les Landes, where they carried out practical exercises within several abandoned bunkers constructed during World War II.

During the practical phase of the course each of the terrorist aspirants fired two complete magazines with a 14-shot Browning pistol made in Belgium, a



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magazine with a Stein machinegun, and threw a homemade hand grenade especially designed for commando training exercises.

Official sources have assured CAMBIO 16 that between 25 and 30 persons may have taken part in the training courses, which lasted between 3 and 7 days and generally occur during the period of vacations, with the goal that the future ETA-m gunmen, who, as legal or sleeper commandos in the future must coordinate their work and normal activities with the armed struggle, do not raise suspicions among fellow workers in the enterprises or factories where they work.

The incorporation of the new action commandos to their infrastructure gives new life to ETA-m, which in recent months was very much weakened in regard to operative groups, thanks to effective police work.

Once the new commandos who have now returned to their places of origin receive arms it is probable that a new terrorist offensive will begin, since the ETA-m needs to regain the initiative that it recently lost.

In the first 3 months of this year the State Security Forces have broken up a score of armed commandos, have dismantled a large part of the ETA logistical infrastructure in San Sebastian and Bilbao, and have arrested more than a hundred persons belonging to ETA-m.

In the face of that rigorous police offensive, the terrorist organization, which has lost the majority of its legal commandos, had to react by sending to San Sebastian and Bilbao the liberated groups, who normally reside in the south of France, with the goal of preventing, because of a lack of activity, the Basque people--who want to live in peace and tranquility--from turning increasingly away from ETA and end up rejecting terrorist activities.

One of those liberated commandos, made up of eight persons, was the one that killed two policemen and a woman and left two other police officials gravely wounded in an operation 22 March in Sestao, called a "brutal massacre" even by Basque newspapers.

The "Sestao massacre" indicates a desperate effort on the part of ETA-m to extend the terrorist offensive begun at the beginning of the year to the three Basque provinces. Until then the terrorist campaign had had only relative success in specific areas of Guipuzcoa.

The said campaign of terrorism, which began last 2 January with the death of a taxi driver in San Sebastian, has claimed its latest victim in the same city, where last 30 March Dr Ramiro Garrasa was assassinated by the ETA with a shot to the back of the neck after having been savagely tortured.

In those 3 months the ETA gunmen have killed 10 persons of varying ideologies and different professions, and have seriously wounded five others.

Although this number of dead and wounded represents an important decline in violence with respect to 1980 and 1979, a detailed analysis of the attempts makes clear the resurgence of terrorist activity as the year passes. This

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progressive resurgence, according to experts, is the beginning of a new well-planned and structured armed offensive.

Whereas last January and February there were only two deaths in each month, with the coming of March there was a sudden increase in violence. There was an increase in the number of terrorist actions and also in the number of dead and wounded--nine in total.

As in the majority of terrorist acts by ETA-m, the first actions by the armed commandos occurred in the province of Guipuzcoa, in areas very near the French border, and then extended to the interior and the rest of the Basque provinces.

Due to the lack of legal commandos, the Basque terrorist organization was not able to take the terrorist struggle to Bilbao until 26 March, and even then it had to resort to liberated commandos, which moved from the south of France to the interior, in order that the province of Vizcaya be "added" to the armed struggle.

Nevertheless, this year there has still been no serious outbreak of terrorism registered in Alava and Navarra, the two provinces closest to Madrid with the least industrialization and least prevalence of the Basque language. This is probably because the ETA-m infrastructure and support bases were practically dismantled by the police 8 months ago.

Compared with the relative tranquility of Alava and Navarra, Guipuzcoa has again been the hardest hit by terrorism (seven killed and three wounded), and within the province of Guipuzcoa the "triangle of death" seems to be centered in the area located between the localities of Zarauz, Tolosa and Fuenterrabia.

In that zone, with a large population density, with a good deal of industrialization and labor conflict because of a difficult strike, and a strong Basque component within the population, ETA-m finds its primordial "culture medium." According to official statistics, more than 65 percent of ETA members in Guipuzcoa were born within the triangle Zarauz-Tolosa-Fuenterrabia.

The relative nearness of the border, the impunity with which ETA terrorists move on French soil and the ease of crossing the Pyrenees on foot, despite the efforts of the army to make the zone impermeable, favor the mobility of ETA commandos.

Another factor contributing to the rise in terrorism in this zone is the scarcity or lack of Forces of Public Order.

Localities such as Hernani, Pasajes, Ondarroa or Renteria, some of which have nearly 40,000 inhabitants, lack quarters for the Civil Guard and police departments.

"The Civil Guard," says a Basque politician to CAMBIO 16, "was expelled by 'cannon shots', and the only law now in effect in most of those towns, that have mayors belonging to Herri Batasuna [Popular Unity], is the law of ETA."

Last year some of those mayors came to feel solidarity with the ETA campaign against the central office in Lemoniz, and they refused to pay the costs of public lighting to Iberduero.

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"At the same time," indicates the same source, "they used the funds of the municipal government to rent busses and organize free trips to Soria and to Puerto de Santa Maria to visit the ETA prisoners serving their prison terms."

One of the government's objectives is to regain those towns through the Forces of Public Order. The work is slow and has its difficulties. Initially the officers of the Higher Police Command refuse going in unarmed, but neither can they wear a pistol.

"When we have to do investigative work and we have to go alone so as not to arouse suspicions," said a San Sebastian inspector to CAMBIO 10, "then it is very bad for us. In some of these towns and in the old section of San Sebastian neighbors have stopped colleagues in the narcotics brigade and have searched them for arms. They escaped with their lives, thanks to the fact that they were unarmed."

In order to carry out their mission, these policemen must disguise themselves-- from Jehova's Witnesses to scrap iron buyers. But disguise is not always a guarantee of safety in the triangle formed by Zarauz, Tolosa and Fuenterrabia.

Eight months ago ETA-m erroneously assassinated three PNV [Basque Nationalist Party] members in Tolosa when they left a bar where they had been selling Basque books.

"Four days earlier," the police told CAMBIO 16, "we had been in the town carrying out some investigations disguised as book sellers. Therefore, there is no doubt that those who assassinated the PNV members were members of the ETA terrorist organization."

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ECONOMIC

ITALY

ENI SAID TO BE ON THRESHOLD OF COLLAPSE

Turin LA STAMPA in Italian 7, 9, 13, 14 Apr 82

[Article by Marco Borsa]

[7 April p 14]

[Text] Milan--it was the task of Enrico Gandolfi as newly-appointed commissioner to tell Parliament about the financial and administrative situation of ENI [National Hydrocarbons Agency], the worst since its establishment 29 years ago. There are two key points to Gandolfi's report: The disastrous results of an erroneous policy of petroleum supply and those of an indiscriminate policy of industrial bailing out operations.

Gandolfi explained that ENI had bought too much petroleum at high prices in 1979 and 1980 and today, because of the collapse in the international market and the devaluation of the lira (purchases were made in dollars and sales in lire) suffers a loss of about 850 billion lire, the highest in its history. Other estimates raise this loss to more than 1 trillion lire. The disaster is attributed to the unforeseeable trend in OPEC prices, but inside the agency there is talk of an error made by the Grandi administration. The president was urged by at least three sources to take timely measures to liquidate stocks of petroleum when this was still possible at a modest financial sacrifice, but nothing was done. Rather, when supplies were abundant, Grandi authorized the purchase of a large amount of Libyan petroleum from Occidental [Petroleum Company] at high prices (and he pushed for a contract with Venezuela). (The Occidental deal involved 1 million tons and question is pending in Parliament submitted by the Christian Democrat Publio Flori, as well as legal proceedings by the Rome prosecutor's office).

Grandi was publicly accused of ineptitude by Vice President Leonardo Di Donna, who nevertheless was careful not to go so far as threatening resignation at a time when his own link with the fate of the state agency was to his advantage.

The responsibilities of the ENI administrators do not involve only petroleum. They also extend to bailing out operations. Gandolfi explained, "As is known, following the appointment of commissioners of the Liguigas group and the law of 28 November 1980 regarding the SIR [Industrial Consortium] group, ENI was authorized to take on the job of rescuing that activity. There was a very

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difficult worldwide situation in the petrochemical industry in which even ENI's own company in that sector, ANIC [National Agency for the Hydrogenation of Fuel] reported very large losses (115 billion in 1980 and about 435 billion in 1981). Overall, considering also the activities turned over to ENI by the ex-Monti group, the financial commitment assumed by ENI was more than 2.3 trillion lire on the one hand and the salvaging of about 10,500 jobs on the other."

The ANIC situation, the worst in regard to gross receipts that is known in the admittedly disastrous story of the Italian chemical industry, to the Monti acquisition, is being added the purchase of the Montedison Chemical Company at prices still to be established, but with certainly negative consequences for the buyer.

Both Vice President Leonardo Di Donna and President Alberto Grandi agreed on this policy of indiscriminate expansion of their petrochemical activities. "We are talking about anything but an imposition of a social nature; we are making an economic statement," declared Di Donna to IL SOLE-24 ORE last March in regard to the Monti operation and the transfer of Liquichimica to ENI. He added, "We believe we can rescue some companies by buying them at a maximum price, and we have made such an offer. It was accepted and we will show who was right." As far as Grandi is concerned, he was actually the commissioner of the Monti group immediately before he became president of ENI.

Except for a group of young Christian Democratic deputies who asked for explanations in Parliament without obtaining them, no one objected to the bail out of a private industrialist who was sinking because of the error made in 1973 when he bought the Italian BP [British Petroleum], taking it away from ENI, as he himself likes to stress.

In order to cushion the impact of the negative estimates, Gandolfi also reminded Parliament that the SIR bail out made it possible to establish Enoxy, the mixed ENI-Occidental Company Grandi wanted, that Di Donna opposed, but that was supported by the Minister of State Participations Gianni De Michelis, who had a great affection for the slogan of internationalization of the public sector.

Enoxy was born out of the exchange of coal mines for petrochemical plants. It was entirely financed by the Italian partner who in practice absorbed all debts for the first 3 years, at the end of which the Americans can terminate their interest in the company without any penalty. The company stated badly for two reasons: Coal was temporarily pushed out of the market by the decrease in the price of petroleum; the administration which had predicted a loss of no more than 50 billion lire in 1982, already in the first months of this year reports an annualized deficit of almost 150 billion lire.

The consequence of the situation described by Gandolfi is that the ENI debts last year rose from an estimated 12.3 trillion lire to an actual 15 trillion lire. These deficits increased in the early months of this year and there is now talk of 18 trillion lire, further demonstrating, if that were necessary, that the large companies do not suffer losses because they have deficits, but that they have deficits because they have losses.

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A deficit of 18 trillion lire on gross receipts of 30 trillion lire is still bearable if there is an adequate strategy of reutilization. However, that certainly is not what is set forth in the 5-year plan presented by Grandi in January this year. It provides for investments totaling 25 trillion lire at the rate of 5 trillion lire per year. With self-financing that does not exceed 2 trillion lire, with losses as the result of bailing out operations on the order of at least 500 billion lire per year, with a liquidity need of 20 lire per hundred invested, the plan would result in the financial explosion of the agency. In 1986 its debts would total at least 30 trillion lire (optimistically considering 1 trillion lire per year contributed by the state) with gross receipts that certainly are not destined to double, considering the trend in world petroleum prices.

But it may not be necessary to wait until 1986 to see ENI collapse. Unlike another state agency, ENEL [National Electric Power Agency], which can fail to pay its suppliers when it has no money, ENI must pay for petroleum if it does not want to disappear from the market forever. Twenty-nine years after its establishment, ENI could be forced to give up its institutional role of national energy agency as promoter of the nation's economic and industrial development. Despite 3 decades of effort, which has permitted the agency today to have 42 million tons of petroleum against the 3 million at the beginning, and to become one of the world's principal companies in methane, drilling equipment, transportation, and hydrocarbons processing.

[9 Apr 82 p 14]

[Text] Twenty years ago, in the summer of 1962, CORRIERE DELLA SERA published an investigation that later became famous and that attacked Enrico Mattei's administration of ENI (a few months before his death in an airplane accident). Indro Montanelli, writer of the article, contrasted the crystal clarity of IRI [Industrial Reconstruction Institute] with the obscure accounts of the state-run petroleum agency.

Montanelli wrote, "Unlike IRI which at the top of all its budgets quotes the law that established it with the pertinent statute so that anyone could check whether and how it carried out the tasks assigned to it, as any public institution is obliged to do if it handles public money. ENI never made any reference to its required tasks. Since that time ENI has made considerable progress in the process of becoming like IRI, but in a certainly different direction from that then hoped for by the CORRIERE journalist. Because ENI was admittedly different from IRI but in the sense that rather than being a conglomerate with no strategies, administered like a bureaucracy, often at the service of political-business intrigues which under the veil of public property hid large private interests, it was a true business institution with precise objectives, strategies that met needs, appropriate technical development and considerable operational capabilities.

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This is how Montanelli described the Mattei administration: "AGIP's contribution to Mattei was a network of gasoline stations that covered about 15 percent of the market. With his exceptional capacity for organization, Mattei immediately began to reorganize and broaden this network. He invented the six-legged dog, the flag and the coat of arms of a great petroleum power; he multiplied the number of service stations which are considerably better cared for than others; he built motels which represent real models in this field; and despite the fact that the national need for petroleum rapidly rose from 450,000 tons in 1948 to 3 million tons this year, he now covers a good 25 percent."

It was a dynamic company that from its development irradiated benefits to the entire national economy as Mattei himself recalled to the *CORRIERE* in a long letter containing corrections to the article. Not only because ENI guaranteed methane to the growing national industry, but because it contributed, for example, to the decrease in price which accompanied the economic boom of the 1920's: Gasoline dropped from 142 to 96 lire per liter, fertilizers by 20 percent and liquid gas in tanks (widely used in the home) by 25 percent.

That dynamism came to an end within a few years of Mattei's death. Egidio Egidi, who became director of AGIP after a long career within that organization which started with its establishment (he was from Matelica like Mattei), he resigned in the mid-1970's from the group with a letter to then President Pietro Sette which began thus: "Dear Sette, I must resign after 28 years of service. There are many reasons...but all can be traced to the serious situation of disorientation in which the entire group finds itself. I have the impression that the only problems that interest ENI are alchemy and internal juggling while the real problems--those affecting energy and men--are not dealt with."

ENI already had become like IRI. Its headquarters, the holding company with offices at Rome where about 1,400 employees work, of whom 200 are executives, was only the locale for political-business mediation, a research office, the terrain of political and managerial rivalry battles. The petroleum market, the problems of administration, the development of the company had become secondary concerns.

Actually, the transformation began immediately after Mattei's death with the administration headed by Eugenio Cefis. The inheritance left by Mattei was positive from many points of view, but it had a weakness common, after all, to all the large Italian businesses of that time. ENI was undercapitalized and had financed its own development by borrowing on the open market. After the 30 billion lire in the initial operating grant, the government made no more contributions to the company's capital which in 1962 is calculated to have had debts totaling more than 300 billion lire, almost equal to its gross receipts.

Cefis, whose political background was much better than his business know-how, concentrated on obtaining massive government financing (700-billion-lire grant over 10 years) in exchange for a drastic change in the company's strategies. The search for petroleum abroad was stopped, because it was too costly. The policy of bailing out private textile companies close to bankruptcy was intensified.

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The policy of price reductions was abandoned. The company's financial activities were intensified with the emergence of Giorgio Corsi.

Cefis, however, did not entirely give up traditional activities. In his administration the weight and importance of the equipment and engineering companies (SNAM-PROGETTI [National Gas Pipeline Company-Planning], SAIPEM [expansion unknown], Nuovo Pignone). In the final years of his job, he made two important contracts for the purchase of Dutch and Soviet gas.

However, Cefis' logic was not that of economic administration; development of the country and of the nation. Rather, in order to justify ENI's low profitability he said, "When we see the danger of a profit we immediately take corrective measures." This could never have been very difficult for him because during his long history as a businessman, Cefis very rarely ever ran the "danger" of making a profit.

This phase culminated in the project to get ahead of Montedison with the pretext that the private chemical company had developed at Priolo an ambitious petrochemical plant that could become the nucleus for a second national petroleum company. It was the beginning of the chemical war that was to cost ENI hundreds of billions of lire.

When Cefis left ENI in 1971 to go to Montedison, the petroleum company had already adopted the format of a political energy company. The new head, Raffaele Girotti, in 1973 made Angelo Moratti buy an interest in CORRIERE DELLA SERA for the sole purpose of depriving Cefis of that opportunity--Cefis had become his bitterest enemy. Compared with the chemical-publishing battles, the sensational increase in oil prices (September-December 1973)--which was to have such a profound and lasting effect on the petroleum economy and the world economy in general--seemed to be a marginal event. The only sign of the profound changes that were developing was the withdrawal of the large petroleum companies from the Italian market (Shell and BP withdrew) which obliged ENI to take over pumps and refineries from the Shell Company in competition with private petroleum companies.

The reaction to the energy crisis that transferred ownership of the wells was slow in coming. This move made petroleum much more costly, more difficult to obtain from producing countries, and much less subject to control of the large companies. Or rather, there was a rather timely reaction from AGIP, upon which fell the responsibility for supply, but it made itself felt with difficulty among the leaders of the group in Rome where Raffaele Girotti, who was defeated together with Cefis, left the field to Pietro Sette, a lawyer and able bureaucrat, who for the first time introduced the methods and procedures of a ministry into the agency's administration. The aim was to make no decision for fear that any decision could disturb the precarious internal and external equilibriums of the agency. This freeze grew out of the awareness that ENI no longer had either the power or the authority to unilaterally make decisions without concern for political approval. Giorgio Mazzanti, who succeeded Sette, illuded himself that he could revive the ENI initiative but with his first big move in the petroleum field, the contract with Saudi Arabia, he was tripped up in tangential incidents and was upset.



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[13 Apr 82 p 13]

[Text] Milan--"Grandi's appointment is closely tied to that of Di Donna because it was part of a political agreement between the government's two major parties. He is a president chosen by lot; he will always be a weak president, subject to the most varied kinds of political pressure, lacking the necessary authority and influence to oppose them." This comment by an anonymous ENI executive was even too prophetic at the time Grandi took office. This happened after the return of Commissioner Egidio Egidio, recalled for a few weeks to ENI, but who left because he opposed the vice presidency of Di Donna for political reasons, and of Luigi Amassari, director general. He also opposed the assumption of new commitments in the chemical industry promptly made by Grandi.

Alberto Grandi resigned from the government for questionable reasons concerning the differences within the agency rather than on the basis of the much more convincing reasons such as the administrative situation. At this point, the upper echelons of ENI reached the lowest point of the parabola that started with the absolute authority of Enrico Mattei inside and outside ENI, to the absolute lack of authority of the last of his successors.

The story of the link between the agency, the parties and the government is certainly not recent. Enrico Mattei was repeatedly and basically accused of having given considerable money to the DC [Christian Democratic Party], having given money even to the extreme Right, having exercised influence on the government by naming his own men to the post of Minister of State Participations, such as Giorgio Bo, and he influenced the country's foreign policy by dealing directly with Iran and the Soviet Union on important petroleum contracts.

Unassailable personally (Montanelli himself recalled his honesty and the fact that he did not collect his pay but limited himself to living on an expense account), the founder of ENI used all the open-mindedness he was capable of in order to bend the government and the political world to the company's plans in the conviction--shared by government officials of the caliber of Ezio Vanoni--that they were in the interests of the nation.

Eugenio Cefis progressively changed this ENI-DC relationship by making ENI increasingly an instrument of the DC rather than the DC an instrument of ENI. With the crisis that struck the party with a relative majority during the early 1970's, and which culminated with the election of Benigno Zaccagnini to the secretariat as a sign of renewal, ENI, too, found itself politically unprotected.

Here is how an agency executive sums up the story: "ENI had had as its exclusive point of reference the Christian Democratic Party, excluding from the agency the other parties in the majority. This caused the beginning of an internal struggle conducted by the Left. As a result of the attack, the party with a relative majority was above all concerned that serious investigation would reveal the incestuous relationship which for 20 years had tied it to ENI." This report was ably buried in that galaxy of foreign financial dealings made at the time of the Corsi administration.

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The political struggle spread to the topmost leadership groups. In December 1979 the agency executives threatened to denounce the government for acts of omission if within a certain date procedures were not started for the appointment of personnel to open positions as required by statute...Those leaders said, "If the council had been named together with the president all the parties would have been able to receive timely information about the modalities of the Saudi Arabia contract (about which a violent storm of polemics had continued for months) and of payment for intermediation with the possibility of eventually intervening before, rather than after things were already done, with the result that the agency's prestige was involved in the internal political feuds."

In the scandal of contingent funds used to pay for Saudi Arabian petroleum, the parties for the first time went so far as to prejudice the supply policy of ENI and of the country. The objective of the persons unleashing the scandal certainly was not that of knowing the truth.

Nevertheless, not even Mazzanti knows it because unlike Mattei who knew who was paying and why, he did not concern himself with keeping the situation under tight control.

A credible version of what took place was supplied in autumn 1979 by the MIDDLE EAST NEWSLETTER, published in London, which is close to the Arabs. The newsletter maintained that half of the funds totaling \$115 million was actually sent to the Saudi Arabians who had supported the operation while regarding the other half "it emerged rather clearly that it did not go to the Italians after all but to Parviz Mina and (according to press reports never denied) to the Palestinians of the PLO [Palestine Liberation Organization]. In exchange for the money and the promise of an imminent diplomatic recognition (this was actually scheduled for December 1979 following a trip to Italy by PLO Foreign Minister Faruk Quaddumi) the Palestinians, according to M.E.N., had promised to withdraw from Italy the arsenals of weapons they occasionally made available to the terrorists.

This task was entrusted, among others, to Daniele Pifano, who was caught at Ortona with two missile launchers. This reconstruction was partially confirmed by a letter from the Palestinian leader Habbash to the Italian court trying Pifano, in which the Palestinian leader maintained that the operation had been negotiated with the Italian Government. From that time parliament continued to investigate but with no results.

The damage to ENI was very, very serious. Expelled from Saudi Arabia where petroleum could be found cheaply, the agency had to cast about for new contracts which pushed it into overloading itself with crude coming from more expensive wells.

The parties, the government, the trade unions, which by now had come to dominate the life of the agency, however, were not particularly concerned. Between the Mazzanti and the Grandi administrations, there was a definitive strengthening of the chain of purchases in the chemical field (SIR and Liquichimica) and in the refining process (Monti group) which had inaugurated the Minister of State Participations Siro Lombardini, forcing ENI to take over the Montedison fiber plant at Ottana, which surely was one of the negligible causes of the more than 500 billion lire lost by ANIC in 2 years.

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The metamorphosis was complete. Under the political and trade-union pressures often encouraged from within the agency by executives who wanted to consolidate their jobs or to get promotions, ENI became the national salvage agency which ranged from petrochemicals to textiles up to the ex-EGAM [Agency for the Management of Mineral and Metalurgical Companies] mines, to the pharmaceutical industry and to the manufacture of fibers. There was, as always in these cases, a sortie into the publishing world. Vice President Di Donna promoted, as a personal venture, the birth of a new political-economic daily, IL GLOBO, 25 years after ENI purchased IL GIORNO.

[14 Apr 82 p 12]

[Text] Milan--Giorgio Mazzanti confesses honestly that when he was ENI president he barely was able to understand petroleum and methane problems. As far as the chemical side was concerned he was able at most to glance briefly at the problem, but for the rest, the ex-EGAM textile and mining operations, he could not even dedicate a minute to them. One of the results of the practical ungovernability of the agency, which had now become mastodontic, was that the Nuclear AGIP, created to seize the uranium to be utilized in nuclear plants, was accumulating unnecessary stockpiles at a rate of 600 billion [unit not specified] per year while no one dared make a decision concerning them.

ENI's future president must make many decisions on things of this kind but first of all he must decide what strategy to adopt concerning the mining policy, selecting between two alternatives that have been in furious conflict for 3 years within and outside the agency. The questions were whether to diversify the sources of energy and geographical areas, concentrating on investment in developed nations, like the United States; or, to revive a sort of neo-Mattei policy based on cooperation with developing nations in the Middle East and elsewhere. Should methane in future years come from the Soviet Union, as asserted by Industry Minister Giovanni Marcora or from Algeria, and eventually from Libya, as the neo-Mattei people urged?

Alberto Grandi has counted heavily on the card of diversification. Purchase of coal from the United States; development of petroleum research in the United States, where Grandi went so far as to plan the opening of a chain of gasoline stations between New York and Chicago; purchase of petroleum from Venezuela, from Mexico or from nations like Saudi Arabia, the most trustworthy ally of the United States. The move toward diversification has a serious political and marketing basis. Unlike the Mattei period, when ENI could count on the beneficial effects of the passage from the cold war to detente and decolonization, the future president of the agency must confront a reverse process, from detente to a tension which makes many areas of supply politically insecure.

The diversification, however, can be ruinous from the economic point of view because of the difficulty of penetrating distant, difficult markets, of investing in developed nations in the face of strong competition from largely consolidated interests. Occidental's coal was perhaps a good buy with petroleum at \$34 per barrel, but it is no longer so with the price at \$28 which causes all the large world energy companies to temporarily halt investments in more expensive wells and in alternative sources.

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The policy of supply based exclusively on exchange of technology against raw materials with developing nations presents, alongside reliable economic and strategic advantages, political risks and development difficulties. In the Congo, in Iraq and Iran, where ENI had considerable interests, the political developments have wiped out years of research and efforts. Angola is another nation exposed to sudden political changes, in the same way that concessions in North Vietnam or in China appear to be risky. In other nations like Nigeria, Libya, or Algeria, ENI can find itself exposed to pressures to pay high prices so as to ensure income necessary to the development of economies used to the gigantic flows of petrodollars in years past.

When in spring 1981 ENI organized at Rome an important conference among oil-exporting Arab nations (OAPEC) and the Mediterranean consuming nations. Saudi Arabia snubbed the meeting by not sending a high-level representative. This was not only an aftermath of the 1979 scandal but was also a signal that this kind of effort was no longer followed with much interest by the world's largest petroleum exporter. The time was past when Petromin sold directly to ENI and Giorgio Mazzanti attacked, in his report to the Italian Parliament, the International Energy Agency supported by the United States to fight the producers' cartel. Since that time the Italian political world regularly unloads upon the agency the international pressures that it receives to have ENI move in one direction or the other. Industry Minister Giovanni Marcora favors the Soviet gas line and is less supportive of the Algerian line. Social Democratic Secretary Luigi Longo, is openly hostile to the Soviet gas line while his thoughts about the Algerian line are unknown. Numerous ministers in recent years, including Treasury Minister Beniamino Andreatta, have from time to time tried to make contracts with Venezuela and Mexico rather than with Kuwait, Saudi Arabia or Egypt.

Mattei, and later Cefis, exercised absolute control over the agency's activities piling up the responsibilities of ENI president and of all the other major operational companies so as to achieve an efficient decision process.

Today, the ENI president does not maintain a direct and close link with the operational companies to the detriment of efficiency and responsiveness. In recent weeks, ENI rejected the SNAM requests for a 30 percent increase in the price of methane. It was even verified that the AGIP sales office, whose task is to sell gasoline, developed an independent organization in a holding arrangement with Angelo Pileri at its head, as though it were not dependent on the supply sector.

State Participations Agency Minister Gianni De Michelis announced that before appointing a new president he intends to reform the organization and bylaws of the agency giving his ministry the function of executive leadership and control of ENI. The proposal immediately raised criticisms by DC Secretary Flaminio Piccoli opposing interference of the ministry in the independence of administrative agencies.

ENI's fate is curious. Twenty years ago the progressives were asking that Mattei be left alone and the conservatives wanted him to be under greater control by the government. Today it is the contrary. Whatever the political reasoning.

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in this field, those affecting the companies should lead to a profound reexamination of the situation based on three orders of considerations: 1--An agency that has achieved the present dimensions of ENI is no longer governable by anyone and therefore it would be useful to think of divesting it of some activities so that ENI could return to its original concern with petroleum, methane and equipment in those fields; 2--Whoever he might be, the next president should have the necessary authority to restore credit within and outside of ENI, leading it back to a propulsive role in the energy field; 3--The political power requires the clear formulation of agency lines of development which have strong implications in foreign as well as domestic policy.

Controls can and must be made by holding the agency continually accountable for its programs and results achieved, with traditional instruments such as certification of budgets or parliamentary hearings, and not the Court of Audit which has been searching for bugs in budgets of 2 years ago which have become totally overtaken by events, and which no one has any interest in judging.

**How Grandi Defends Himself**

Milan--On 26 March Alberto Grandi sent a 29-page memorandum to the government defending the achievements of his administration.

It begins with the consideration that ENI constantly lost money in recent years in the supply sector (120 billion in 1975, 303 in 1976, 280 in 1977, 190 in 1978 and 466 in 1979) even though the more moderate losses were compensated by receipts from mining sales (methane and petroleum belonging to ENI) valued at about 1.7 trillion lire. It concluded that the disastrous results of 1981 are merely the temporary worsening of a basic trend.

However, the document says that contributing to those results was the particular structure of the Italian petroleum market (high demand for fuel oil), delay in adjustment of prices of petroleum as well as methane derivatives, the unfavorable trend in the exchange rate, the obligation to supply the Italian market which fell upon ENI.

Concerning commitments assumed in the chemical field, Grandi limits himself to emphasizing the advantage of the rationalization and the internationalization of the agreement with Occidental, recalling for the remainder that the losses of 500 billion lire are due to, in addition to the economic cycle, "events outside the agency in the implementation of measures prescribed and even imposed."

He says not a word about the purchase of the Monti refineries. Concerning the overall financial situation, Grandi does not fail to link himself to the Cefis tradition of asking the government for more money. He wrote, "It must be pointed out that the flow of funds from grants is entirely inadequate to the size of the commitment entrusted to the group."

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Grandi recalled that the programs of partial conversion to private control and of the stock market listing of some companies could yield an income to the group of 700 billion lire of outside capital. He concluded by examining the problem of the foreign financial sources of the group under accusation following financial verification of the Banco Andino by Tradinvest, a sort of ENI foreign bank. The program of rationalization in this field was supposed to have been agreed upon with the president of the trade-union unit and the Court of Audit.

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POLITICAL

FRANCE

CGT USES STRIKES, VIOLENCE, CRITICISM TO DESTABILIZE GOVERNMENT

Paris PARIS MATCH in French 12 Mar 82 pp 52-53

[Article by Arthur Conte: "The Secret Objective of CGT... To Create a Pre-Revolutionary Atmosphere in France"]

[Text] There can no longer be any doubt: the CGT has launched a campagne of violence, now underground, now spectacular, which can have only one objective: to destabilize the socialist government. So, once again, the French communists are engaged in a wide-ranging maneuver, in an extensive battle.

Multiple expressions of violence throughout the country, provocation of incidents which can easily be exploited, threats in all directions, unrest caused systematically in many plants and enterprises, all these can no longer be presented as "grassroots tension." We can be sure that all this has been ordained. The magnitude and frequency of the incidents have become such that we must assume that these have been ordered by some political staff. Curiously enough, the CGT shows some predilection for shaking more heavily public utility undertakings, large administrations and nationalized enterprises--a strange way, to say the least, to provide a "positive" illustration of the nationalization experiment and of its extension.

Here, at Hutchinson, Montargis, at Chalette-sur-Loing, tough strike-pickets are brutally preventing non-strikers from going to work; in Marseilles, at Rivoire and Carre, 144 well-organized strikers, armed with iron bars, clubs and dogs, are barring the way to 117 non-strikers, cadres, supervisors, clerks and workers, who are vainly trying to obtain an intervention from the authorities to have their right to work respected.

There, very serious conflicts are taking place at Peugeot-Sochaux, at the Gascogne paper factory, and at Leleu, Lyons, while at Gipelec-Gisors a powerful CGT commando crashed its trucks through the factory gates and removed a 600-kg furnace, a tank and storehouse documents, the better to ensure that non-strikers cannot work. And LIBERATION can bluntly announce that the operation lasted two and a half hour and that "three gendarmes stationed in front of the factory, their backs turned to the railroad station, received from the Andelys subprefect the order not to intervene."

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#### Over 100 Enterprises Are Now Being Occupied

Elsewhere, a commando attacks the General Council of the department of Calvados during a session and assaults its chairman, Michel d'Ornano; or commandos go on missions to "intimidate" the editorial staffs of LE MONDE, LIBERATION and Fr-3 Paris, with total disregard for the freedom of the press, claiming that said editorial staffs have not given fair coverage--i.e. coverage that the CGT says is fair--to the Clichy tragedy when, to quote the headline of LE MONDE: "An Algerian worker is accidentally killed during a confrontation between strikers and non-strikers." Over 100 enterprises are now being occupied, most of them by powerfully organized and equipped commandos who bar the way to all workers who are vainly attempting to exert their right to work. Especially worrying incidents have been reported at the Poclain factory in Tracy-le-Mont, at the Ultra-Sonique factory in Clermont-Ferrand, at Berger-Levrault in Nancy, at the Kodak factory in Vincennes, at the Motta factory in Argentan, and at the Fulsap factory in Annecy.

All these cannot be spontaneous occurrences, nor can they be the result of provocations by the "class enemy."

Therefore, we must ask ourselves what are the motivations behind such a campaign, which can only be expected to intensify and get worse.

For all that, the fact that the Communist Party itself, as such, stands aside from this operation and that, from Georges Marchais to Charles Fiterman, it observes a rather unusual discretion and multiplies its oaths of loyalty to the president, is no reason to correct our analysis. On the one hand, because of its equivocations with respect to the Polish tragedy, because of the obvious lack of confidence in it on the part of the voters, because of the difficulty experienced by Georges Marchais in asserting his authority, the party, at least for the time being, does not have enough elbow room to risk a campaign of aggression which could bring too strong a reaction from the government. On the other hand, it needs all the time and freedom of movement it can get to exploit the many advantages it can derive from the participation of four communist ministers to the government. Let us say once more to all the innocents who harbor the illusion that the communist ministers might soon take the initiative of a rupture with the socialists: a communist minister never resigns; such a resignation has never occurred in history; a communist minister can be made to resign (for instance by prime minister Paul Ramadier in 1947); as for believing that he could resign of his own free will, we might as well imagine that leeches have wings; today's communist Excellencies will not act any differently tomorrow. Therefore, it is easy to understand why the communists wish to demonstrate as much reserve as possible.

#### The CGT Has Full Freedom to Criticize Anything the PCF Is Doing

Besides, European history shows that the Communist Party will frequently leave to communist unions the important tasks it cannot accomplish itself, these tasks being of course strictly political. Therefore, there is also no reason to wonder why, quite naturally, the CGT is now taking over where the PCF left: at least, the CGT has not signed any loyalty agreement with the government;

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it has full freedom to discuss or criticize anything the government is doing; a fortiori, it has full freedom to make powerful interventions in public life under the guise of supporting class demands and the all-too-famous "will to change."

But, precisely, for the moment, what definite, more or less far-reaching objectives can the CGT hope to achieve with the vast and violent campaign it is now leading, the importance of which can escape no one?

It escapes nobody that by violating or disrupting the life of enterprises, by attempting to intimidate as much as it can the less resistant heads of enterprises, the CGT is definitely not contributing to the intensive production effort wished and repeatedly asked for by Pierre Mauroy and Jacques Delors.

It is also obvious that by looking for a confrontation with the tougher heads of enterprises, and by trying to push them to extreme acts of defiance or reprisal, the CGT is placing such an emphasis on the class struggle, and contributing so much to isolating the employers from the rest of the country that it creates a situation of conflict which does little to answer the wish of the minister of Finance and Economy.

A Climate of Unrest Which Contributes to a Cleavage Into Two French Nations

In doing that, the CGT may be not only undertaking to discourage the employers as a whole at the very moment when the government--becoming aware of the serious errors it made at the start of its tenure--is attempting to regain some credibility on their side and a more effective contribution to the "solidarity effort," but it also looks sometimes as if the CGT, pretending all of a sudden to be a state within the state, wished to intimidate the government itself and were trying to subject it to an enormous and unrelenting pressure. In his stride, Henri Krasucki has even been known to take the tone of a prime minister when talking on television.

Another unavoidable observation: this is the most effective means to divide our country for good into two irreducible blocks. There is nothing like violence to achieve just that. Already, from all sides one can perceive a hatred which had disappeared in France after World War II. We all had almost entirely dispelled class hatred. And in this respect, the climate of unrest which the CGT is attempting to impose on us can only contribute powerfully to an irreparable cleavage into two French nations, one collectivized to the extreme, the other desperately attached to the defense of all individual liberties. Not only does this create an atmosphere which we might call pre-revolutionary, propitious to increasingly serious and mean incidents, but it also destroys the last bridges which might still remain at the center.

The communists fully well know that on a given day, at a given moment, under given circumstances which cannot as yet be anticipated, the president of the Republic could legitimately wish and have to call upon another type of majority: the Constitution is flexible enough to enable him to do so should he ever wish or have to. He is experienced and clever enough to be prepared to govern differently from today, for instance with the support of a socialist-

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centrist majority. Logically, this is by no means impossible. Besides, many wise men in the former majority, who know how to resist movements of indignation and who are well aware of the dangers of a possible cleavage of the country into two fiercely opposed blocks, are rejecting uncompromising acts of defiance and remain open to dialogue. We must tirelessly repeat that the one and only way to avoid the risk of a civil war or an irremediable confrontation passes through the center of our checkerboard. What men of good will must be bent on avoiding is an implacable and blind confrontation.

Now, it is obvious that, through the frenzied blows dealt by its militants and sympathizers, the CGT is working toward confrontation and conflict.

Finally, in last analysis, if the CGT communists were out to compromise the success of the government they claim to serve, they could not do better. To succeed, the government essentially needs trust and calm. Through its many mistakes and inconsistencies (some of which hardly believable), it is on its way to losing the trust of the French people. The CGT is sabotaging its peace. Therefore, we cannot but conclude that, decidedly, the CGT is already coldly and systematically working to actually ensure that this very socialist government which it claims to support will fail.

How could even communists wonder at such accusations being made against the CGT? Communists have never, absolutely never, given their unrestricted support to an elected socialist government.

We do say: never. In one way or another, more or less spectacularly, they have always actively and systematically contributed to the failure of such governments. They are consistent with themselves and with their history when, once again today, they wish nothing more than to see the present experiment fail.

Socialism is the truly eternal enemy of communism. Seeing how the CGT is now openly maneuvering, it remains impossible to imagine that today's communists could have undergone a historical reconversion.

What Will Be Mitterrand's Reaction to This Undertaking?

The question is then to know up to what point Francois Mitterrand will tolerate or be able to tolerate such an obvious undertaking. Where is he at? Does he still believe as ardently in the "breaking strategy" which he announced after his election and can he then take into his service the operations of the CGT? Or else will he decide to consider these maneuvers as mere misdemeanors, excesses of zeal which should be ignored rather than dramatized? Or will he eventually consider the problem in its truer light? Will he allow the social climate to deteriorate without reacting, and risk the worse, or will he become aware soon enough of the true dangers which are pressing him? How long will he be able to leave his people in a state of indecision and equivocation with respect to such a perilous matter? These are major questions. Unfortunately, all we can do is ask them.

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POLITICAL

ITALY

RIFT BETWEEN LAMA, PCI LEADERSHIP REPORTED

Milan PANORAMA in Italian 26 Apr 82 pp 54-55

[Article by Paolo Franchi: "Enrico, Let Me Work"]

[Text] Too soft on the socialists, too anxious to keep unionism united at all costs, too respectful of the government: These are the accusations levelled against Luciano Lama by the PCI summit. But the CGIL leader firmly goes his own way

On Sunday, 3 April, when Enrico Berlinguer announced that in the event of a referendum on liquidations, the communists should vote to abrogate the law, Luciano Lama bridled at the fact that once again the PCI secretary had taken a decision on his own, without consulting the unions.

This decision struck him as all the more reprehensible since in June 1977, the agreement on liquidations between the unions and Confindustria had been enacted into law in a climate of national solidarity, in fact with the decisive support of the PCI. Now Berlinguer was putting the lid on the issue by threatening to burden the unions, already in difficulties, with protests from their dissatisfied members.

But other unwelcome surprises lay in store for Luciano Lama. In the central committee one week later, Berlinguer made matters worse. Before a board prepared to get tough with the unions and the victories they have achieved, the communist secretary warned his listeners that it would bring "woes to yield without a fight." And what about the patient search for unity? To Berlinguer, that search often meant simply drawing a veil over concessions: unity, indeed, "cannot consist of mediation and negotiations purely as ends in themselves."

Under accusation--although he is never specifically named--again over the past few weeks, Luciano Lama has continued to battle in behalf of union autonomy and for a unitarian program which, in his view, must be supported not only by the workers' organizations but also by the parties.

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The negotiations between the government and union chiefs on economic policy have been his roughest test. While favoring general strike tactics, Lama is absolutely unmovable on one issue: strikes should not appear, even remotely, to be a labor maneuver aiming to overthrow the government, thus opening the way to anticipated elections.

"I will do everything I can to avoid bringing down the government," he promised Sandro Pertini just before the president of the Republic departed for the United States.

True to his vow, shortly afterward the CGIL leader rose to defend Giorgio Benvenuto in public. On 26 March, when the UIL secretary was violently contested [in a rally] on Piazza San Giovanni, Lama determined to honor a commitment he had made with AVANTI in an interview expressing his solidarity with his colleague and denouncing sectarianism and violence, but mainly reminding others that if they really wanted the alternative, they must stop lunging savagely at the left; instead, they should react to the massacre perpetrated by the government.

"Why say such things to the newspaper that speaks for Bettino Craxi? This time, Luciano has really lost his head," was the irate comment made by some Berlinguer loyalists. Nevertheless, three days later, Lama bowed to the applause of the socialists meeting in Rimini to launch their program: "A personal triumph. He aroused as much enthusiasm as Lombardi."

"Open to the socialists? Of course. But that doesn't mean that he's backing the socialists to the bitter end," say CGIL unionists. "The fact is that Lama is heir to the Italian reformist communism of Vittorio and Amendola, to a tradition with strong roots in the past."

It was indeed in this school that Lama learned to be extremely clear with everyone in expressing his thoughts, even with his old friends. Commenting on the tone of the socialist assemblage in Rimini, he openly stated his worries about a party so burdened with problems: "The PSI is like a rope stretched too tight. There is the danger that by unleashing so much energy, it might begin to look for anticipated elections." At the metalworkers' convention in Montecatini the following week, he kept a poisoned arrow in reserve for the same Benvenuto he had defended in the columns of AVANTI. "I, too, have been the butt of fierce opposition," he said, "but I have never thought of getting out from under by playing the victim."

Communist and unitarian labor unionists by background and vocation, Luciano Lama is more convinced than ever that the CGIL could make a decisive contribution by moving to the Left. There is only one road to take, he says: to believe in a unionism which is responsible but also politically strong, like what the delegates to the 1978 national conference in EUR designated.

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"Now that the conflict has turned more explicit, the price of so many openings and so much moderation amounts to a critical alienation between the unions and the masses," protest the leaders in PCI headquarters, and point to the workers' meetings attended only by a minority, to the factories closing down, and the tens of thousands of hours of unemployment pay in consequence, even among CGIL's ebbing membership. No one in the unions contests these facts, "But to think that we can emerge from this situation by rediscovering the old Soviet revolutionary ideals through sheer magic is a pious illusion." The harshness of these attacks only consolidates Lama's following, including such leaders as Bruno Trentin, whose histories, preparation and culture differ from Lama's.

Some communist big shots have pondered the idea of eliminating the Lama problem by removing him from the CGIL summit and transferring him to a party job or a seat in Parliament. But, his collaborators insist, Luciano Lama has no intention of leaving his post; to the contrary, he will continue to occupy his office on the Corso d'Italia for a long time to come. While the PCI becomes more and more isolated and the difficulties besetting the coterie of communist leaders worsen, he seems ever more fated to represent the other face of the party--and possibly a less quarrelsome Left.

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POLITICAL

SPAIN

SUAREZ SEEN AS IMPORTANT FACTOR IN UPCOMING ELECTIONS

Madrid CAMBIO 16 in Spanish 19 Apr 82 pp 37-39

[Article by Antxon Sarasqueta: "Suarez, We Are Counting on You"]

[Text] In knowledgeable circles, in political gatherings, in the offices of the government and of the opposition--in all of these--the figure of Adolfo Suarez emerges as one of the key factors in the general elections, which the most detailed and documented analyses estimate will be around the second half of November.

Meanwhile, the former prime minister plays his cards close to his chest, making a puzzle of the current political situation and of his intentions with regard to a target period that begins the day following the Andalusian elections, which have been convoked for 23 May.

"The date of 25 May will go down as one one which the most newspapers will be sold," was the prediction made to CAMBIO 16 by Rafael Calvo Ortega, former minister in the Suarez cabinet and secretary general of the UCD [Democratic Center Union] until the "landing" by prime minister Rafael Calvo Sotelo. There can be no doubt that Rafael Calvo, who maintains his active closeness to Suarez, was referring implicitly, with this warning, to the date on which the duke could announce an event as dramatic as his return to the political front and, moreover, his departure from the UCD and the creation of a new political party.

But as of today, Suarez has not yet taken any definitive decision, having rejected a priori two possibilities, namely, a preelectoral, "natural-majority" coalition of the UCD with Fraga and the nationalists, or his departure from the party, "slamming the door" in a huff and nothing else, according to the most creditworthy versions gathered by this magazine among his closest associates.

The first-floor tenant at number 4 of Madrid's Calle de Antonio Maura is testing strengths, building bridges, enlarging his contacts with his environment in intimate lunches and office meetings. Calvo Sotelo, Antonio de Senillosa, Perez Miyares, Pio Cabanillas, Landelino Lavilla, Raul Morodo, Martin Villa... One of these luncheon guests, who had maintained a very critical attitude toward Suarez the prime minister, told this magazine, only hours after lunching alone with him,

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that the former head of the government "is tying up loose ends and watching trends. He has a very clear view of the political situation and of the direction in which he must head."

In Suarez's opinion, the first objective of all valid alternatives must be to neutralize the extremes, understanding these to be Marxism and the authoritarian Right. In his view, the notion of a political quadrilateral, with two majority parties and two minority ones AP [Popular Alliance] and PCE [Spanish Communist Party]), is still a valid one.

With this as a point of departure, Suarez will play his own game, first from within the UCD and only as a last resort from without. He and his people have virtually no confidence in the rapprochement initiated a few weeks ago by Moncloa and the party "apparatus" to safeguard his political and electoral net worth, although the fact is that the retreat from the campaign of harassment of the Catalanian Centrists, who are headed by Anton Canellas, was undertaken at Suarez's urging.

Nevertheless, everything now centers on the true power Prime Minister Calvo Sotelo is prepared to cede to Suarez or the latter is prepared to recover. And this involves several decisive factors regarding the future of the players and of the Center and the Right as organizations. For Suarez, for example, it is vital that the organization of the electoral committee be worked out, that it become operational well in advance, and that he be able to exercise a partial control over it that will however be sufficiently ample to guarantee not less than 40 deputies on whom he can rely.

Suarez is determined to recover control of a substantial part of his party's policy planning. At the same time, one of the principal aims in the thinking of PSOE [Spanish Socialist Workers Party] policy leadership, in the event it wins the elections, is to form a coalition government with Suarez and the most progressive sectors of the UCD.

On the other hand, the stands taken by Suarez with respect the rightist leadership, political as well as financial, are aimed at showing that the sole possibility of defeating the PSOE in the coming elections lies not in a far-rightist policy orientation but rather in a progressive and modern rightist platform which he himself could head from his political stronghold and through the party.

The underlying concept continues to be valid: The million or million and a half votes that is straddling the fence between Centrists and Socialists are those that will in the end tip the scale to victory in the elections. These are votes that could again go to Suarez, as in past elections. This is why the PSOE's entire policy of moderation is aimed at capturing that constituency, while maintaining a strategy of detachment from the UCD and the government in favor of more rightist positions.

Whether inside the UCD or outside it, Suarez is determined to be the real "fulcrum," with the power to tilt the scales toward the Right or the Left. Everything will depend on the political cost involved in each of the operations, once

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the outcome of the general elections is known. And Suarez and his political advisers have going for them the fact that the lowest-cost alternative for capturing the majority would be that of pacts or alliances with Democratic Coalition and the Nationalists should the latter be necessary.

The most recent indications in this regard are that no problems of a personal nature would stand in the way of a post-election understanding between Suarez and Fraga if the election results were to warrant it. On the other hand, a revival of political contact between Suarez and Alfonso Osorio would definitely be more complicated, to judge by the degree of political and personal confrontation they have both invoked.

But where is the leadership of the Right? For what is at stake for the Right, first in the Andalusian elections and then in the general ones, is its very configuration, both as regards its structures and its leadership, something that the Left has already established and consolidated.

From his power center, Calvo Sotelo will try to consolidate his leadership in the Andalusian tilt versus the Suarez, Lavilla and Fraga options. This will take some very favorable election results to accomplish and even the "surprise" outcome he himself has alluded to repeatedly in the course of his campaign swings through the South. It will also take the successful sale of his image by his technicians to the Spanish electorate, something that has not yet come about.

Indeed, the operation of an internal alternative, although it may be "dormant" following the the "23 February trial" and the Andalusian elections, could again be brought to the fore by a few influential UCD "barons."

This operation would consist of maintaining Calvo Sotelo in the prime minister-ship until the very general elections, while letting the perception of a possible Lavilla-Suarez "ticket" emerge during the campaign, the first as head of the government and the duke as the dominant power in the party.

Despite the fact that Lavilla headed the faction of "critics" which challenged Suarez and became the decisive element in his downfall, a sincere rapprochement between the two political leaders has developed in recent months. To the extent that, Suarez was prepared to back the president of the Cortes for the position of head of the party to prevent the Calvo Sotelo "landing" in a maneuver in which other influential leaders and ministers in the UCD and the government also took part. Lavilla said "no" to this, without however denying that his right moment might be more or less near.

Although Calvo Sotelo was able, with his offensive designed to "recover" Suarez, to halt the movements of certain prominent centrist "barons" within the party heading toward an alternative option by way of the office of his predecessor, it is abundantly foreseeable that pressures will again mount within the UCD to head in that same direction following the Andalusian elections.



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During the most recent luncheon Calvo Sotelo and Suarez had together, the first asked his predecessor again to take an active part in the Andalusian election campaign. Contrary to the version leaked by the centrist "apparatus", suggested in part by Calvo Sotelo's statements hinting at Suarez's presence in the Andalusian campaign, the duke has reiterated in private that he has no intention of going to the South, and has so told the prime minister, according to opposing sources.

It is not too difficult to imagine--knowing the basis and the form of Suarez's plans and views, and those of the members of his "entourage"--that there is real interest in letting the Andalusian case be a personal and public test of Calvo Sotelo. This strategy has been borne out by the long campaign the prime minister has planned, knowing as he does that his political future and the survival of the Right as the number one option are at stake in Andalusia.

From without, the socialists are holding to their strategy of coming into power, sharing it with a progressively oriented Right--an operation that requires the splitting of the UCD.

Demagoguery to one side, the PSOE is aware of the resistance its alternative encounters among the factitious powers: So much so, that the development of the transition has been brought about under the heading of "change" rather than that of a "break." For, when Salvador de Madariaga characterized Spain as "the European anomaly," he was only underscoring the power in our country of a very hardened and retrograde conservatism, totally opposed to the progressiveness and modernization experienced by the Western democracies, and that have built the framework of the most advanced societies.

Indeed, an "anomaly" graphically and dramatically displayed in a coup rooted in an ultrarightist philosophy against a rightist-oriented government in a Western system.

That the splitting off of Former Minister Francisco Fernandez Ordonez and his people was fueled by the PSOE leadership, and that Manuel Fraga and his AP backers were the sponsors of the rightist deserters, is no longer any secret. It was a maneuver on the part of the socialists to erode the UCD, in response to a Calvo Sotelo who has consistently denied the PSOE a position of power through a repeatedly requested coalition government.

The socialists' next step, in the event their predictions of an election victory materialize, will be to lead that coalition, for which they are counting on Suarez and on the Center-Left bloc of the UCD, as well as a working agreement with the nationalists.

Although a socialist victory would of course result in a wider margin of maneuver for the Left as a whole, the PSOE, for practical, realistic and politically opportunistic reasons, prefers to wield power through alliances, with the Right positioned along a progressive course.

Would Suarez accept?

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As one of the several alternatives available to him, Suarez does not reject that of a pact with the PSOE, subject however to first knowing the outcome of the elections and to finding that there is not a viable majority in the rightist bloc.

**A Modern Right**

The former prime minister and his political associates are aware of the high cost involved, in the medium and long terms, in a coalition with the socialists, splitting the Right. Suarez is highly pragmatic in his thinking and knows precisely where he is positioned politically today: Not in the Left but rather in what he considers a modern and progressive Right, according to his most recent definitions.

On the other hand, although political events in this country take place at a vertiginous pace that actually erases even the most recent from historical memory, it should be remembered that the socialists have heretofore found in Suarez one of their principal adversaries, to the point where their offensive against his person, designed to bring about his fall, was during 1979 and 1980 their highest prioritied objective in their drive for power. Suarez, in the two previous campaigns, has maintained the hardest of attitudes against the PSOE, and the former prime minister was given to recalling that one of his strategies was to prevent Felipe Gonzalez from setting foot in the Moncloa, feeling that this would favor the socialists.

Now as well, his preference leans toward a Center as vehicle for bringing the Right together into a front against the PSOE, provided Suarez can recover his leadership role in the party. The nearness of the elections compels that post-transition structuring of the Right, whose principal figures are submerged in prolonged caution.

In the case of the Suarez rising from the ashes, it seems appropriate to borrow a saying that the socialist leader Enrique Mugica likes to voice: "This shows that there is no political death other than suicide."

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POLITICAL

SPAIN

PSOE IN ASTURIAS SHOWS WILLINGNESS TO UNITE WITH PCE

Madrid CAMBIO 16 in Spanish 26 Apr 82 pp 55, 56

[Article by Isidoro Nicleza: "Government With 'Forceps'"]

[Text] One hundred and twenty days after the Statute of Autonomy of Asturias was published in the Official Bulletin of the State the members of the General Junta elected the first president of the autonomous government, in the person of Socialist Rafael Fernandez.

There had been 4 months filled with legal proceedings, negotiating meetings and tension among the four parties with representation in Parliament (PSOE [Spanish Socialist Workers Party], UCD [Democratic Center Union], PCE [Spanish Communist Party] and AP [Popular Alliance]). The confrontations between the divided, majority, left and the hounding, minority right transcended the area of the autonomous community of Asturias; and from the election campaign in Andalucia and the ranks of the UCD in particular, the specter of the "popular front" took shape in the new autonomous Asturias.

The autonomous community of Asturias is the fourth one to go into effect in the Spanish State, and the first one that has been negotiated through Article 143 of the Constitution; but it has been the first to generate a conflict when it was time to establish the organs of power, as a result of the balance of votes between the Democratic Center Union and the Socialist Party in the General Junta or autonomous Parliament.

#### Origins of the Conflict

The origins of this conflict date after the publication of the Statute of Autonomy in the Official Bulletin of the State and its going into effect, which put an end to a preautonomous government based on consensus. Upon the conclusion of this preautonomous period, the political plan of the Socialists, as a majority party in number of votes, devised a government of concentration which "would guarantee the stability of the region until the spring of 1983," a date when it may be anticipated that the first elections for the regional Parliament will be held.

This concentration plan was accepted from the outset by the Communist Party and by Popular Alliance, but it was flatly rejected by UCD "for the sake of a necessary clearing of the political spectrum." In view of this situation, the Asturian Socialist Federation decided to maintain its proposal, while at the same

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time offering to assume the responsibilities of the government alone, thereby rejecting any possible agreement with the Communist Party. The Communists, however, only agreed to back that government with a Socialist presidency if they were part of it.

Amid this rankling of positions, the election of the president of the regional Parliament, consisting of 58 deputies, took place. The Socialists and Communists combined, with their total of 31 votes, could have put a representative of the left in the presidency of the Asturian Parliament, but each party ran its own candidate, while UCD also opted for the presidency, with the backing of its 24 votes, confronted with the intention to abstain expressed by AP.

In the eighth balloting, after several ties of 24 votes between the PSOE candidate (Marcelo Palacios) and the UCD candidate (Agustin Antuna, up until then chairman of the Chamber of Deputies), the three AP representatives changed their abstention and voted for the Centrist candidate, who thereby received the 27 votes required to gain the presidency of the General Junta of the Principality or the autonomous Parliament in which, strangely enough, the left is in the majority.

The next step toward the implementation of Asturian autonomy was the election of the president of the Council of Government, or autonomous government.

In view of the division among the leftist parties, UCD and AP concluded a government pact whereby the Alliance members were to receive two Council positions in exchange for lending their support to the Centrist candidate and secretary general of the Asturian UCD, Garcia Pumarino.

Despite their lack of agreement, the Socialists and Communists were confident that the Centrist candidate would not gain the absolute majority in the first balloting, nor the simple majority in the second one, as they saw it; in other words, that the candidate would have to receive more positive than negative votes.

On 29 March, the tense situation exploded. The Socialists, disagreeing with the interpretation of the simple majority, refused to enter the semi-circle and forced a delay in the investiture session. The Communists, for their part, continued refusing to lend support to a government of which they would not be a part.

The hounding from the right and the intransigence of the PCE forced the Asturian Socialists to arrive, unwillingly, at an agreement with the Communists, keeping for them the portfolio that they had occupied during the preautonomous government, with consensus among all the parliamentary political forces.

Three days before the postponed investiture session took place, the Regional Committee of the Asturian Socialist Federation met and approved (31 votes in favor, 15 against and 9 abstentions) a new offer for the PCA [Communist Party of Asturias], which was offered the Ministry of Public Works, Transportation and Communications, provided the Communists backed the Socialists and upheld the program.

The decision of the Socialist Regional Committee caused a serious conflict with this party's leadership, not only in Asturias but in Andalucia and the rest of Spain as well. The opposition leader, Felipe Gonzalez, expressed regret over

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the agreement and the PSOE federal executive body considered the decision "disso-  
ciated from its political proposals"; although it took the opportunity to claim  
that "it was brought about by the hounding from UCD and the right" and noted that  
there could by no means be talk of a new "popular front" as it was being labeled,  
with electoral intentions and a gaze fixed on Andalucia by the right in general,  
and UCD in particular.

## Problems in PSOE

The secretary general of the Asturian Socialist Federation, for his part, coun-  
tered the criticism of his party and the charges from the right: "PSOE is aware  
of the political price that this decision has entailed for the party, but we  
felt that there were no other solutions, because a minority right wing govern-  
ment would greatly debilitate the autonomous process. This stance, which is at  
odds with our political plan, according to the federal executive body, means  
putting regional interests before those of the party itself or before the elec-  
toral interests which have priority among the other political forces."

Despite these explanations or justifications, 24 hours later, the UCD's secreta-  
ry of organization, Pedro Lopez Jimenez, inquired in Sevilla whether PSOE would  
govern with the Communists in Andalucia as well. The fact is that both Maria  
Izquierdo and Jose Maria Maravall, of the PSOE federal executive body, had been  
in Oviedo attempting to prevent the offer to the Communists from being made.  
Meanwhile, and amid the criticism, the Communist Party was also contributing its  
own, describing the Socialist offer as "mean and stingy," although a few hours  
before the voting they announced that they would accept it, "so as not to leave  
the regional government in the hands of the Democratic Center Union."

Finally, on 15 April, 4 months after Asturias rose to the rank of an autonomous  
community via the Official Bulletin of the State, the veteran Socialist Rafael  
Fernandez won the presidency of the Asturian autonomous government with 31 votes  
from the left (24 Socialist and 7 Communist) and negative votes from UCD and AP.

With the election of Rafael Fernandez, the first autonomous government of the  
left in democratic Spain was established. Moments before the voting, the "in-  
pectore" president reaffirmed his desire to carry out a policy of concentration,  
although "the circumstances prevented that government of concentration from  
becoming a reality." And he added: "I want to be a president of all Asturians."

This first government of Rafael Fernandez has in the council of the presidency  
an independent: Bernardo Fernandez Perez, and the Socialists: Faustino Gonza-  
lez, as councillor of finance and economy; Juan Ramon Zapico, in territorial  
administration; Arturo Gutierrez de Teran, in territory regulation and housing;  
Antonio Masip, in education and culture; Jose Luis Rodriguez Vigil, in health  
and social security; Manuel Fernandez Pello, in industry, commerce and tourism;  
and Emilio Baron, in labor relations and social assistance. The Communist  
Victor Manuel Zapico occupies the council post of public works, transportation  
and communications, while a second independent, Jesus Arango Fernandez, is in  
charge of agriculture and livestock.

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POLITICAL

SPAIN

CEOE TO TEST ITS POLITICAL PROWESS IN ANDALUCIAN ELECTIONS

Madrid CAMBIO 16 in Spanish 26 Apr 82 pp 66-71

[Article by Gonzalo San Segundo, with Juan de Dios Mellado (Malaga), Santiago Romero (La Coruna) and Albert Arbos (Barcelona): "CEOE, the Fifth Party"]

[Text] This country's business owners have leaped into the political arena again. They want to prevent a Socialist victory in the forthcoming elections for the Andalucian Parliament and in the general elections of 1983, if they are not moved ahead. The victory of the Socialist Parties in Greece and France has acted as a revulsive factor. The members of the CEOE [Spanish Confederation of Business Organizations] who will back UCD [Democratic Center Union] and AP [Popular Alliance] want to sit in Parliament; and they have announced that they will wage a "hand to hand battle."

The business owners made the first political try in the elections to the Catalanian Parliament in March 1980. A hundred million pesetas and an intense social and publicity campaign carried out by National Work Promotion, the Catalanian business owners' entity, contributed largely to the victory of Convergence and Union, the coalition which gave support to Jordi Pujol.

A year and a half later, in October 1981, the CEOE was taking the reins of the election campaign for the Galician Parliament. Jose Pablo Rodriguez-Mantillan, head of the La Coruna Businessmen's Confederation and other Galician business leaders were the CEOE members who made the overwhelming victory of AP possible. The Galician businessmen spent over 100 million pesetas on this campaign.

The results of the Galician campaign have encouraged this country's top-ranking business owners to revive their efforts for political participation with a view toward the forthcoming elections for the Andalucian Parliament, which will take place on 23 May. And the political parties, aware of the importance of the businessmen's vote, are dissolving into compliments, signs of affection and flirtation with the Andalucian business owners.

For the present, the businessmen are not allowing themselves to be tempted by the siren songs. Antonio Carrillo, secretary general of the Andalucian Businessmen's Confederation, told CAMBIO 16: "Many swains are currently courting us."

But they are not all compliments. The businessmen have unburied the hatchet of political war and are launching forth severely against their political enemies,

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the Socialists. The head of the CEA [Andalucian Businessmen's Confederation], Manuel Martin Almendros, wrote in the Andalucian press: "The very concept of freedom of individuals and the model of society that Andalucia must decide for itself are at stake."

The freedom of individuals and the model of society for this country are clearly defined in the Constitution of 1978. Therefore, Alfonso Guerra, the PSOE's second-ranking strong man, on one occasion let loose his venomous tongue and accused the Andalucian business leaders of being "close to the coup plot."

There has already been one victim in this battle: Manuel Clavero Arevalo and his party, Andalucian Unity, have decided not to run in the elections on 23 May, because the businessmen have refused them the financing which they needed. Clavero stated: "If we had joined a coalition with Fraga, we would have 500 million pesetas now." The importance which the Spanish business-owning class has attached to the Andalucian elections is reflected in the observers that the Valencian Businessmen's Confederation and certain other regions will send to Andalucia to follow the electoral process closely. This traveling system has already been followed by the Andalucian businessmen in Galicia and by the Galicians in Catalonia.

The Andalucian businessman intends to gamble heavily in these elections. The one with the say is the CEA, which includes 80 percent of Andalucian businessmen and which is headed by the Malagan, Manuel Martin Almendros, a conservative.

But it is in Madrid, at the general headquarters of the CEOE on Diego de Leon Street, that they are preparing the artillery. Jose Maria Cuevas, secretary general of the great management entity, is the brains of the Andalucian operation, even though he denies it or detracts significance from the fact.

The Cuevas group has obvious Martinvillist connotations. He himself is considered an adherent of the current political vice-president of the government, as is Martin Almendros.

The Andalucian businessmen need at least 400 million pesetas for their campaign; and their leader is encountering serious difficulties in collecting that money among the members. Business-owning sources queried by CAMBIO 16, taking an optimistic position, estimate the money collected to date at slightly over 100 million pesetas. This collection problem is being partially solved in Madrid. The CEOE has come to the aid of its Andalucian wards by sending money from its budget.

But the underlying reason that would explain why the Andalucian businessmen have not undertaken to finance the election campaign promoted by the CEOE is rather political, according to the rumors gleaned by this magazine. A large portion of Andalucian businessmen have proven unwilling to give unconditional backing to UCD and AP, because they foresee a Socialist victory, and this is shown in the polls taken by the management entity. And they do not want the PSOE to give them the bill later for their contribution to the right.

The issue of UCD has raised blisters among the Andalucian businessmen. A meeting of the Granada Centrists with the businessmen, and a subsequent press comment in

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which a certain type of backing for the government party was presumed, evoked waves of indignation in CEA circles. A spokesman for the Andalucian management entity told CAMBIO 16 that, individually, they could back whomever they wanted, "but never in a corporative manner." Nevertheless, many businessmen would be willing to support UCD if that party were to redirect its proposals toward more conservative positions.

The backing for Popular Alliance is more subject to question. The Andalucian businessmen do not think that the Galician results will be possible to transplant to Andalucia. The AP's entrenchment in this region is light years removed from the number of militants and the strength that it has in the Galician region. Nor does Manuel Fraga's party have a native Andalucian leader.

Despite the fact that the policy dictated by Carlos Ferrer Salat, Jose Antonio Segurado and Jose Maria Cuevas (the CEOE's three most visible heads) is to deny basic sustenance to PSOE, a hegemonic political force in the region, there is a sizable group of Andalucian businessmen who are willing to lend their support to Rafael Escuredo, current head of the Junta of Andalucia. In this connection, mention has been made of the vice president of CEA, the Sevillian Juan Salas, a classmate of Escuredo's with whom he is in the habit of meeting and who has been the object of some criticism from business owners for his "Socialist whims."

Amid this confusion among the rank and file of Andalucian businessmen, Martin Almendros, their leader, is very clearcut: "We shall be belligerent in an institutional campaign, as we were in the Andalucian referendum," he told this magazine. And the CEA secretary general has countered rumors indicating some possible support that has not materialized, brewing within the CEOE Executive Committee. Antonio Carrillo states: "There is nothing of the sort, and unfortunately it gives the impression that we businessmen are engaged in politics, whereas our main objective is aimed at becoming organized as businessmen."

If no political party is going to be given actual support by CEA, the game of personal preferences does enter into the plans of the Andalucian businessmen, who will have to decide between Luis Urnuela (Andalucian Socialist Party), Luis Merino Bayona (UCD), Rafael Escuredo (PSOE), Felipe Alcaraz (PCA [Communist Party of Andalucia]) and the candidate named by Popular Alliance.

But the forthcoming elections for the Andalucian Parliament, like those of Catalonia and Galicia, will only be a test for the Spanish business owners with a view toward the general elections. Three million businessmen, the vast majority of whom are small and medium-scale, have this country's future in their hands. For the first time in their history, they are aware of their decisive role, and this is also known to the political parties which have shown that they agree that the businessman should participate in politics.

The Spanish Constitution of 1978 offers each of them an excuse or a reason for supporting their economic proposals. The Democratic Center Union and the business owners cling to Article 38, which acknowledges freedom of enterprise within the framework of the market economy. And the Socialists and Communists are grouped around Article 131, which says that the State may plan the general economic activity in order to meet the collective needs.

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With the general confrontation in view, the batteries are beginning to be deployed. The CEOE is releasing businessmen to join the management entity's political team. Their mission is to organize committees in the various businessmen's organizations for the purpose of collecting information in the different provinces aimed at the creation of a data bank for the general elections.

The majority of these informational committees are being formed by independent businessmen. In other instances, the committees are the result of consensus, and they include individuals who are affiliated with, or sympathizers of UCD, AP or Antonio Garrigues' Liberal Clubs.

Mitterrand's victory in France and his subsequent policy of nationalization, as well as the internal crisis in the government party (for which Ferrer Salat predicted in September "an inevitable and imminent electoral defeat amid the revulsion of the electorate") have caused revulsion in the political entrails of Spanish business owners.

The dialectical artillery deployed by Jose Luis Ceron Ayuso, chairman of the CEOE's Economic Commission, in late March at the 21st Century Club, is a good example of what the businessmen are willing to do in order to prevent PSOE from winning the next elections. On that occasion, Ceron stated: "We must proceed to a hand to hand battle wherein the destruction of the adversary is as important as the accreditation of our own image." And he added: "Elections are won only by destroying the adversary's image, and not with political programs." Ceron, a former Francoist minister, called for a UCD-AP coalition, which appears to have support from the CEOE: "It would be unfortunate to fight ruthlessly for the same electorate."

This coalition has been varied by Jose Antonio Segurado, vice-president of the CEOE and president of CEIM, the Madrid management entity: "We do not uphold that coalition, but rather intelligent agreements between the center and the right, with flexible solutions in each district."

Segurado himself, in a lecture delivered at the 21st Century Club this past January, declared: "We shall be neutral toward those options, which are not Socialist or Communist, that may be offered to the electorate, provided they uphold our model of society with a clearcut, definite program." And he added: "For this purpose, the best people must be incorporated into politics, so as to be able to compete with the best ones of the Socialist option."

#### Socialist Contacts

In that incorporation, the CEOE leaders themselves may be intending to reserve a vacant place for themselves or, if need be, to leave it for other individuals of the second rank.

PSOE does not want this country's businessmen to be taken by surprise. Therefore, its secretary general, Felipe Gonzalez, has held meetings with the presidents of the leading banks (except for Banesto [Spanish Credit Bank] and Santander), with business owning groups such as Rumasa, and businessmen's organizations, such as the Businessmen's Club, and the bank management entity itself, AEB.

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These contacts have been aimed primarily at calming the nerves of businessmen, insofar as possible, regarding a Socialist victory in the forthcoming general elections. But the business leaders are remaining steadfast in their position of not backing PSOE.

For example, Santiago Foncillas, president of the Businessmen's Club, stated on National Radio on 30 March: "In the election campaign, there is no doubt of where our votes will go: to UCD and AP, because they are the parties which, like ourselves, defend free enterprise and the market economy."

The reelected president of the Businessmen's Club modified his statement commenting: "If there should be a PSOE victory in the elections, the majority, if not all of us businessmen will continue to work with the same enthusiasm and the same illusions as we have up until now." The heads of the great management entity have expressed themselves in similar terms regarding a potential Socialist victory.

The businessmen are also being encouraged to vote for UCD by the government. The message directed toward businessmen last January at a meeting of APD by the president of the government was clear and transparent. Calvo Sotelo remarked: "The best way of engaging in a campaign for the forthcoming elections is to invest." And he added: "It would be a mistake to assume a wait and see attitude until the elections." The economic vice-president of the government and minister of economy and commerce, Juan Antonio Garcia Diez, looked after his own interests at the "Ritz breakfasts," stating that Spanish business owners and big capital should not run counter to UCD.

But the comments of Calvo Sotelo and his minister, Garcia Diez, were to be toned down 2 months later in Logrono, by Luis Olarra, one of the leaders of the Basque businessmen. After discrediting the PCE [Spanish Communist Party], the argumentative businessman declared: "The issue of PSOE is more confused; we don't know exactly what its course of action will be, but there is an abyss between that and discrediting it." He added: "It is obvious that investments are not being curtailed because of fear of a possible Socialist victory; since UCD won 3 years ago and no confidence has occurred. I doubt that this political group, at least the one which is now governing us, can do much to extricate us from the situation."

The CEOE secretary general, Jose Maria Cuevas, intensified Olarra's comments. He said: "The government's credibility is slight among business owners"; and, with regard to the elections for the Andalusian Parliament, he made the modification that, "There is no pact for cooperation with either UCD or AP," adding: "About 350 functions will be held by the businessmen; they will attempt to have people vote and, of course, it must be expected that there will be an attempt to have those votes go to UCD or AP."

This country's business leaders see it clearly: voting for center and right options that will uphold free enterprise and the market economy. Their rank and file are somewhat confused. Many businessmen think that PSOE too upholds these principles that are set forth in the Constitution. There is no question that Andalusia will be the ordeal of fire which Spanish businessmen will have to endure before undertaking a more serious and concrete commitment toward the general elections.

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POLITICAL

SPAIN

POLL SHOWS PSOE FAR AHEAD IN ANDALUSIA

Madrid CAMBIO 16 in Spanish 5 Apr 82 pp 32, 33

[Article by Jose Manuel Arijia]

[Text] The socialists appear to be the big winners in the upcoming regional elections to the Andalusian parliament. At least this is what is indicated by all the polls to which this magazine has had access to date. Runner-up will be the UCD [Democratic Center Union], far behind the PSOE [Spanish Socialist Workers Party], but still very much ahead of the rest: Andalusists, Alianzists and Communists, running about equally, although none of them will get more than 10 percent of the votes.

In any case, two important things are confirmed by the opinion polls: first, that no party will obtain an absolute majority to govern alone; and second, that the majority of the Andalusian people will vote for the Left.

According to the Emopublica poll, men are more inclined than women to vote for the parties of the left--PSOE, PCE [Spanish Communist Party] and PSA [Socialist Party of Andalusia]. The UCD will receive a higher percentage of votes from retirees and women and, conversely, from the unemployed, students and wage-earners who have less confidence in the centrists.

It is significant to note the firm desire of the Andalusian unemployed to encourage a change in government for their region, doubtless with the firm hope of improving their situation. Socialists and communists have their highest index of support among these people.

The Popular Alliance Party has its greatest electoral support among the business community, and the Andalusists of the PSA also find their largest quotas among small independent businessmen and students. Professor Clavero's party, Andalusian Unity, does not appear to have any electoral possibilities, nor does Blas Pinar's extremist organization. In both cases, only 1 percent of the people indicated their willingness to vote for them.

According to the Gallup poll, militant Andalusism has only a limited following among the people, with only 28 percent of those surveyed supporting it. On the other hand, 71 percent feel, for the most part, "just as much Andalusian as Spanish," or more Spanish than Andalusian.

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For most of those interviewed in the poll of Andalusian businessmen, however, this feeling is no obstacle to considering autonomy a positive step. Specifically, according to the Gallup Institute, 50 percent of the people approve of Rafael Escuredo's administration as president of the Junta, compared to 8 percent opposed.

The really worrisome problem for the political party that wins the regional parliamentary elections will be that of unemployment. Support for autonomy, and in large part for the socialists, who are leading in the electoral polls, is being conceded with the thought that it will help solve the unemployment problem and create jobs.

For some, this victory weapon could quickly turn into deception and failure if the winners of the election do not manage to find urgent solutions to this particular problem, which 96 percent of the Andalusians (in the businessmen's poll) consider to be the number one issue.

However, the Andalusians will not be thinking only about unemployment when they go to the polls. They have also formed an overall idea of what a leftist, centrist or rightist government means and what it can do for them. If, in accordance with the actual predictions of the electoral surveys, we translate "left" as socialist, "center" as the party currently in power and "right" as the Alliance party, we would have a definition of how the Andalusian people see the parties and what they expect of their autonomous government.

The Gallup Institute asked the interviewees the following question: "Let us suppose there is a rightist, leftist or centrist Andalusian government. Which words on this card I am showing you best describe each of these governments?"

The Left obtained the highest marks in the following categories and in the order of importance given them: creation of jobs, Andalusian culture, autonomy, peace, the future, efficiency and security.

The center was outstanding in the following categories: more taxes, indecision, strikes and demagogy; and a possible rightist government would be characterized by: domination by traditional upper classes, order and emigration. In the "firmness" category, Right and Left were tied, and Center and Right were tied under "corruption."

In addition to the political intention of each voter, the association of ideas made by the Andalusian between the qualities and defects of each party because of its ideological position can play a determining role at voting time.

Now it will depend on the persuasive ability of the different leaders to convince a doubtful electorate whether some parties will increase their percentages or fall behind. The long campaign which has already begun, with 2 months remaining before the elections, may serve for that 25 percent of the Andalusians who still "don't know, no answer," to take positions and maintain or

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change the ratio among the various political forces of that region. What is clear at this stage to all observers is that what happens next 23 May, the date of the elections, will affect not only Andalusia, but the entire country.

## Technical Tally of Polls:

Poll undertaken by the Businessmen's Federation of Andalusia, 3,854 interviews in December 1981.

Emopublica Poll, 1,000 interviews in February 1982.

Gallup, 3,463 interviews in March 1982.

I

¿A qué partido votaría? (1) (2) (3) (4) %

	TOTAL	(5) Hombres	(6) Mujeres	(7) Asalariados	(8) Parados	(9) Jubilados	(10) Autónomos	(11) Estudiantes	(12) Amas de casa	(13) Sin ocupación	(14) Menos de 2,000	(15) De 2,000 a 10,000	(16) De 10,000 a 50,000	(17) Más de 50,000
PSOE	39	40	38	45	53	33	19	26	39	36	41	34	40	
UCD	17	12	20	12	10	23	18	11	20	14	16	19	17	
PCE	5	8	4	7	12	6	2	6	4	12	5	4	5	
AP	6	8	5	5	0	7	19	9	5	5	3	6	8	
PSA	7	10	5	11	8	3	14	14	4	4	8	8	5	
(17) FN	1	2	0	0	1	2	4	3	0	3	0	0	1	
UA	1	1	0	1	0	1	0	4	0	2	0	0	1	
(18) Otros	2	4	0	3	3	1	3	4	1	1	2	1	2	
(19) No sabe, no contesta, no votaría, en blanco	22	15	28	15	13	24	21	23	22	23	25	28	21	

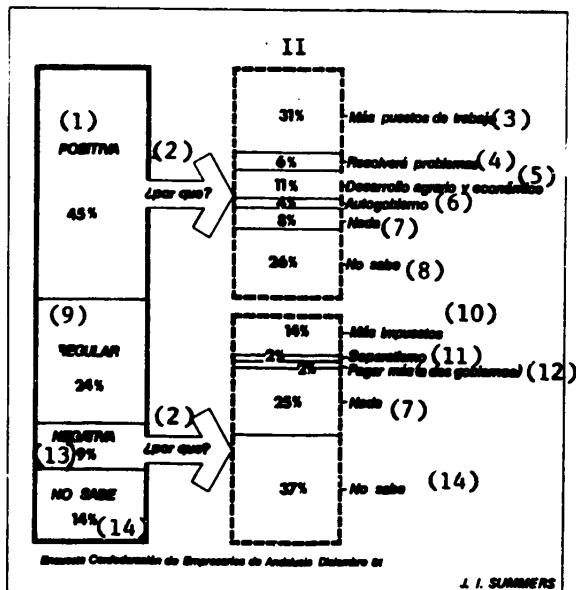
Encuesta Emopública febrero 1982

## Key:

1. For Which Party Would You Vote?
2. Sex
3. Profession
4. Type of Community
5. Men
6. Women
7. Wage Earners
8. Unemployed
9. Retired
10. Independents
11. Students
12. Housewives
13. Under 2,000 residents
14. 2,000-10,000 residents
15. 10,000-50,000 residents
16. Over 50,000 residents
17. New Force
18. Others
19. Don't know; no answer; would not vote; left blank.

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How Would You Evaluate Andalusian Autonomy?



Key:

- |                                      |   |
|--------------------------------------|---|
| 1. Positive                          | 8. Don't know                                     |
| 2. Why?                              | 9. Indifferent                                    |
| 3. More jobs                         | 10. More taxes                                    |
| 4. It would solve problems           | 11. Separatism                                    |
| 5. Agrarian and economic development | 12. Would have to pay more (with two governments) |
| 6. Self-government                   | 13. Negative                                      |
| 7. No answer                         | 14. Don't know                                    |

## III

Of the Following Words, Which Would Best Describe an Andalusian Rightist, Leftist or Centrist Government? (Percent)

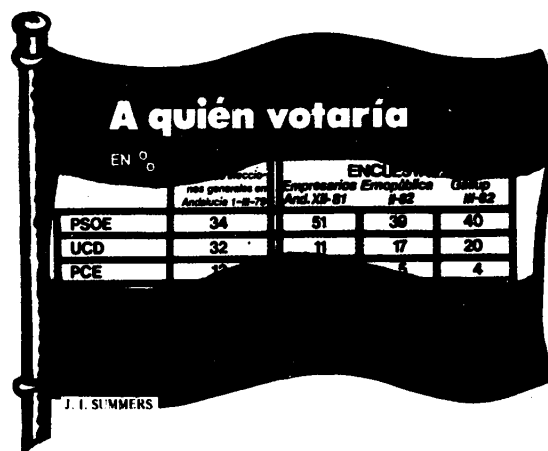
Word	Left	Center	Right
Strikes	13	14	12
Emigration	6	13	17
Creation of jobs	42	11	15
Indecision	7	21	10
Firmness	14	8	14
Andalusian culture	27	7	8
Autonomy	27	10	5
More Taxes	16	22	21
Domination by upper classes	2	17	28
Corruption	4	9	9
Security	17	12	15

[Table continued on following page]

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Future	19	7	7
Demagogy	5	13	10
Peace	21	13	15
Order	15	13	19
Efficiency	17	6	7

IV. For Whom Would You Vote

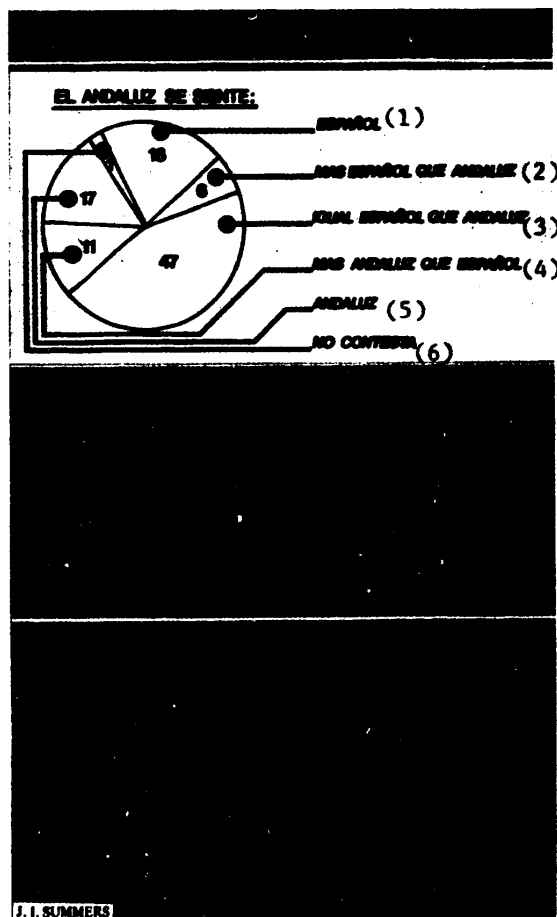


Key:

1. Result of Andalusian General Elections (1 March 1979)
2. Empresarios Andalusia (December 1981)
3. Emopública (February 1982)
4. Gallup (March 1982)

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V. The Andalusians and Politics



The Andalusian Feels:

1. Spanish
2. More Spanish than Andalusian
3. Spanish as well as Andalusian
4. More Andalusian than Spanish
5. Andalusian
6. No Answer

When It Is Time To Vote Is the Candidate's Political Personality or the Party Which He Represents More Important:

1. The candidate
2. No answer
3. The political party

Approval or Disapproval of Escuredo's Administration as President of the Junta of Andalusia:

1. No answer
2. Disapproval
3. Approval

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CSO: 3110/123



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POLITICAL

SPAIN

DEMOCRATIC ACTION PARTY FOUNDED IN MADRID

Madrid CAMBIO 16 in Spanish 5 Apr 82 p 31

[Article by J.A.]

[Text] With the official formation of the Democratic Action Party, Francisco Fernandez Ordonez last Sunday took the first big step in a profound overhauling process which presumably will affect the entire spectrum of Right and Left, with the general elections getting closer every day.

Almost 600 adherents, meeting over the long weekend at the Hotel Eurobuilding in Madrid, founded the first party to breach the political void caused by the last elections.

The situation of PAD's [Democratic Action Party] social democratic plan, influenced by the impossibility of obtaining sufficient financing and its difficulties in taking over the reformist political space, is forcing its leaders to continue to hope for a general clarification of the political void, with one eye on Suarez and the other on the PSOE [Spanish Socialist Workers Party].

This role was emphasized by a paragraph in the ideological document, which states clearly that "the PAD can only orchestrate alliances with those forces which agree on a plan to transform Spanish society in a progressive way."

In addition, the contradiction between some of Fernandez Ordonez's statements immediately after the closing of the congress, in which he denied the existence of negotiations with any political force, and the announcement by Ramon Tamames of the creation of a "progressive" platform, composed of the PAD, Suarez, Morodo, Puerta and himself, placed the Democratic Action Party's constituent congress in the midst of a boiling preelectoral controversy.

White Glove Congress

Responding to this situation were the few strains of a congress led by the party apparatus with ease and without dirtying its gloves, and in which the voting resulted almost without exception in 400 votes in favor to about 20 against.

If one had to choose a color, green would sum up perfectly the activities of the congress whose adherents met in Madrid last weekend.

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Light green on the shirts of the airline hostesses and the "Yes" posters of the delegates; a more intense green in the double leaf of the party logo and in the word "hope," repeated to satiety by the speakers, and finally, green for the inexperience of some members, the majority of whom were making their political debuts.

In the words of an Asturian delegate: "Here we are, people of about 40 years of age, who have never been politically active; we make between 1 and 3 million pesetas annually, and we are disillusioned with the UCD [Democratic Center Union]; but we would not find anything to our liking in the PSOE."

Support for the Government

Looking at it this way, it is logical that one of the delegates asked to have included in the day's activities a time for the delegates to become acquainted with each other and to exchange views, something which would have been unusual in a congress of any other party.

The most tense moments of the 3-day meeting had as their protagonists Javier Moscoso, who failed in his efforts to share the vice presidency of the party with Gonzalez Seara, and a paragraph in the program resolution specifying the party's continued support for Calvo Sotelo in national matters.

Both situations revealed some differences in criterion about the various possibilities for electoral cooperation.

In this sense, Javier Moscoso asserted in his speech at the closing session: "There is no room in this party for liberals who mostly want to be American."

Conversely, neither the ideological proposals nor the economic program seemed to differ seriously from similar ones, beyond some secondary changes.

The resolutions approved define the PAD as a "regenerationist" political concept which seeks to modernize Spanish society based on the defense of a market economy, opposition to nationalization, reform of the public sector, a special interest in education and the legalization of abortion under certain circumstances.

Likewise, the only slate presented for election, headed by Fernandez Ordonez and Gonzalez Seara and including the 17 parliamentarians who split 4 months ago from the Democratic Center Union, received an overwhelmingly favorable vote.

In his final speech Francisco Fernandez Ordonez attacked "the right" virulently and described his party's position with regard to political reform as follows: "Either Spanish democracy is an ambition for change, or it is nothing."

The new party is well served.

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**MILITARY**

**INTERNATIONAL AFFAIRS**

**BRIEFS**

FRENCH INFORM BRITISH ON WEAPONS--"Did the 'French Connection' send the 'Sheffield' to the bottom?" read page one headline of the 9 May SUNDAY TIMES. The London weekly was making a grave accusation: that the French Government did not give the British all the necessary information concerning the Argentines' ability to use the Super-Etendard fighter bomber and its Exocet missile. The missile's direct hit deeply shocked the English. L'EXPRESS is able to reveal the following facts: Defense Minister Charles Hernu, in cooperation with his British colleague John Nott, gave the Harrier pilots the opportunity to train face to face with French Mirages in simulated air combat above the North Sea. Paris, on the other hand, gave London a precise and detailed list of French arms deliveries to Buenos Aires, and in effect assured the British that the Argentines were not in a position to use the Exocet. According to a French expert, the Argentines apparently received help from a third party. [Text] [Paris L'EXPRESS in French 14-20 May 82 p 91] [COPYRIGHT: 1982 s.a. Groupe Express]

CSO: 3100/658

END